

## TOWN OF GLENMORA



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COMPLIANCE AUDIT  
ISSUED JUNE 15, 2005

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June 15, 2005

**HONORABLE TYRONE L. DOYLE, MAYOR,  
AND THE BOARD OF ALDERMEN  
TOWN OF GLENMORA**  
Glenmora, Louisiana

We have reviewed certain transactions of the Town of Glenmora (town) in accordance with Title 24 of the Louisiana Revised Statutes. Our review was performed to determine whether the mayor improperly expended public funds and whether reasonable business practices exist to protect the town's assets.

Our review consisted primarily of the examination of selected financial records, other documentation, and a review of the town's policies, procedures, and practices. The scope of our review was significantly less than that required by *Government Auditing Standards*; therefore, we are not offering an opinion on the town's financial statements or system of internal control nor assurance as to compliance with laws and regulations.

The accompanying report presents our findings and recommendations as well as management's response. Copies of this report have been delivered to the Honorable James C. Downs, District Attorney for the Ninth Judicial District, and others as required by state law.

Respectfully submitted,

Steve J. Theriot, CPA  
Legislative Auditor

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### **Undocumented Credit Card Expenditures**

From May 2002 through August 2003, Mayor Tyrone Doyle charged \$833 in credit card purchases for lodging, fuel, and cash advances. In addition, the Town of Glenmora (town) incurred fees and finance charges related to the cash advances. Mayor Doyle did not provide itemized receipts for the purchases nor did he document the public purpose or public need for the purchases and cash advances.

#### Purchases

In 2001, the town provided Mayor Doyle a credit card to use for charging town expenses. From May 2002 through August 2003, Mayor Doyle charged \$416 for six hotel stays in Winnie, Texas, and \$15 for fuel during one of the trips. According to Mayor Doyle, in February 2003, he was involved in an automobile accident while on town business and as a result of the accident made trips to Winnie, Texas, to receive medical treatments. Mayor Doyle's personal insurance paid for the medical care but not the hotel expense. According to Mayor Doyle, because his accident occurred while he was performing town business, he believed the cost of the hotel stays should be paid by the town. Mayor Doyle provided no documentation to support the public purpose or need for the purchases; however, according to the town's credit card statement, two of the hotel stays were charged in May 2002, eight months before his accident.

In June 2003, Mayor Doyle charged \$72 for one hotel stay and later that month reimbursed the town. After questioning Mayor Doyle about the other charges, on March 30, 2005, he reimbursed the town \$212 for three hotel stays. On May 16, 2005, Mayor Doyle reimbursed the town \$132 for the two May 2002 hotel stays.

#### Cash Advances

On three occasions Mayor Doyle obtained cash advances totaling \$330. The town incurred an additional \$72 in fees and finance charges related to the advances. Mayor Doyle provided no documentation to support the public purpose or need for the advances, nor did he provide itemized receipts for the expenditure of the cash or persons involved with the expenditures.

One cash advance for \$200 was obtained in August 2003 while Mayor Doyle attended a Louisiana Municipal Association convention in New Orleans. According to Mayor Doyle, he obtained the advance(s) because he frequently went to establishments that did not accept credit cards. Mayor Doyle did not recall who accompanied him or the establishments they frequented. Mayor Doyle did not recall the purpose for two remaining advances totaling \$130.

After questioning Mayor Doyle about the cash advancements on March 24, 2005, he reimbursed the town \$330.

We recommend that the town require itemized receipts and documentation of persons involved, the purpose, and the need for the expenditures before making credit card payments.

### **Unpaid Utilities**

According to town records, from July 2004 to February 2005, Mayor Doyle owed the town \$617 in accumulated past due utility service billings. The town's board of aldermen adopted policies and procedures for collecting past due utility payments in March 1979. These policies and procedures specifically address how delinquent accounts are handled, including the discontinuance of utility services. Mayor Doyle continued to receive utility services despite owing the town \$617 and not making a payment since July 2004.

According to Mayor Doyle, he could not afford to pay for both his medical expenses and utility services. On February 23, 2005, two days after beginning our examination of town records, Mayor Doyle paid the town \$250, and on March 30, 2005, paid the balance of the past due amount.

We recommend that the town enforce its policy for collecting delinquent utility service accounts.

### **Unreported Earnings**

#### Expense Allowance

On March 12, 1991, the board of aldermen approved a \$300 per month un-vouchered expense allowance for Mayor Doyle. The mayor's personal expense allowance was not reported as wages on his Internal Revenue Service (IRS) Form W-2 Wage and Tax Statement, and the required employment taxes were not withheld and remitted to the IRS. As a general rule, most cash payments and benefits provided to workers are considered taxable wages for federal income tax purposes unless they specifically are excluded from income by a provision of the federal tax code. Absent such exclusion, wage payments and employer provided benefits are subject to employment taxes. There is no specific exclusion for the personal expense allowance in the federal tax code.

Ms. Cheryl Thomas, town clerk, informed us the mayor's expense allowance has never been included on his IRS Form W-2, and employment taxes were never withheld or paid on the allowance. For calendar year 2004, Mayor Doyle was paid \$3,600 for personal expense allowance.

We recommend that the town comply with IRS regulations by including Mayor Doyle's expense allowance as wages paid and withhold the appropriate amount of taxes. In addition, the town should amend the applicable payroll reporting forms for all applicable years and submit these to the appropriate federal and state taxing authorities. Alternatively, the town could change Mayor Doyle's future expense allowance to a "vouchered" allowance requiring receipts and other documentation to support expense payments. Under a vouchered allowance, the town would not be required to report properly supported payments to the IRS.



### Personal Use of Vehicle

For several years, the mayor had and still retains the personal use of a town vehicle. During 2004, the town clerk was given a town vehicle for her personal use. The town, however, did not report as wages the personal use of the vehicles as required by federal tax laws. An employer provided vehicle is considered a fringe benefit under the federal employment tax laws if the vehicle is given to an employee for his/her personal use. Employees are generally required to maintain adequate records substantiating their business use of the vehicle from their personal use.

The mayor and town clerk did not maintain records substantiating the business or personal use of the vehicles. For the year ended December 31, 2004, the town did not determine the value of the personal use of the vehicles and include the value as wages on their IRS Form W-2 Wage and Tax Statement, and the required employment taxes were not withheld and remitted to the IRS.

We recommend that the town amend the applicable payroll reporting forms for all appropriate years and submit these to the appropriate federal and state taxing authorities, and that the mayor and town clerk comply with appropriate employment tax laws and record keeping requirements.

### **Weak Business Practices**

#### Policies and Procedures

The town does not have written policies and procedures. Written policies are necessary for a clear communication to employees of management's expectations. Written procedures are necessary for a clear communication to employees of what, how and when tasks should be performed and the employee(s) responsible for the task(s). Finally, having written policies and procedures aid in the continuity of business operations and provide a framework for present and future employees to perform the tasks necessary to provide accurate accountability of town assets and help prevent fraud. We recommend the town produce written policies and procedures and the board of aldermen adopt the policies and procedures for the following areas:

1. Receipts and Collections - including processing and daily cash drawer closeout
2. Petty Cash Fund - including use, dollar limit on purchases, and receipt documentation
3. Purchasing/Procurement Process - including purchase initiation and approval and controls to ensure compliance with public bid law
4. Budgetary Process - including preparing, adopting, monitoring, and amending the budget

5. Financial Reporting - including the nature, extent, and frequency of reporting information to management, the board of aldermen, the state, and the federal government
6. Expenditures and Disbursements - including approval, processing, and reviewing
7. Credit Card Usage - including guidance on business use and supporting documentation (See recommendations on Mayor Doyle's credit card use.)
8. Cell Phone Usage - including review and reimbursement for personal calls and annual plan evaluation
9. Travel Policy - including allowable travel, mileage, meal, and lodging reimbursement and expense reporting
10. Payroll/Time and Attendance/Leave Accrual Usage - including approval, processing, and reviewing
11. Reconciliation of Bank Accounts - including timeliness and review of reconciliations
12. Investments - including procedures for ensuring bank balances and investments are adequately secured
13. Capital Assets - including recording, tagging, and safeguarding
14. Public Records - including records retained and retention schedule
15. Ethics - including annual certification/attestation letters from officials and employees
16. Traffic Tickets/Citations - including storage, issuance, retention, and reconciliation
17. Information Systems - including critical and non-critical data defined, contingency and recovery plan, and periodic testing

### Procurement/Purchasing

Currently, the town uses purchase requisitions and purchase orders. However, the purchase requisitions and purchase orders are not used on a consistent basis. We recommend that the town consistently incorporate into the procurement/purchase process purchase requisitions and purchase orders.

### Board Meetings

Monthly financial statements appear to be prepared for monthly board of aldermen meetings. However, based on our review of the monthly board minutes, we could not determine if the financial statements were discussed during the meetings. We recommend that the board accurately reflect in its minutes discussions held regarding the financial statements. Including financial statement discussions in the board minutes is helpful when evaluating the performance of town officials.

A list of payments is prepared and made available to the aldermen before their monthly board meetings. The town clerk is also available to answer questions before the board meetings. Our review of the board minutes indicates board members review and vote to pay all invoices listed for payment. The minutes, however, do not state the dollar amount authorized for payment. In addition, the monthly payment lists do not contain the signatures of aldermen approving the payments. We recommend that the total dollar amount authorized for payment is noted in the board minutes. We also recommend that a copy of the signed list be filed with the minutes.

### Gifts/Donations

Article VII, Section 14 of the Louisiana Constitution prohibits donating anything of value to any person or entity. We noted in our review of the petty cash fund the town purchased flowers for funerals. Attorney General Opinion 03-0157 states public funds cannot be used to purchase flowers for non-public purposes. We recommend the town comply with the Louisiana Constitution and Attorney General Opinion 03-0157.

We also noted the town clerk, Ms. Cheryl Thomas, had the use of a public vehicle. Ms. Thomas stated she drove the public vehicle to and from work and purchased the fuel for the trips. According to Ms. Thomas, she used the public vehicle to save wear and tear on her personal vehicle. Attorney General Opinion 01-0198 states a public employee may not use a public vehicle to drive to and from work if the primary benefit is to the employee rather than the public. We recommend that the town comply with Attorney General Opinion 01-0198 by not providing Ms. Thomas personal use of the public vehicle.

### Personnel Files

We noted in our review the personnel files lacked documentation for approved employee pay rates, job descriptions, and federal form I-9. We recommend that the town develop job descriptions for all employees and the descriptions be placed in the employees' files. Job descriptions assist in employee performance evaluations. We also recommend the town document approved pay rates and place the rates in employees' files. Complete employee compensation histories help to prevent errors in processing payroll and in computing employees' terminal pay. Finally, we recommend that the town place a completed Form I-9 in all employees' files hired after November 6, 1986.

Time and Attendance

During our review, we noted that hourly employees do not record their time and attendance. According to Ms. Thomas, employees are paid based on the town's supervisors telling her the number of hours employees work. We recommend that the town require signed time and attendance forms be completed before an employee is paid. The time and attendance forms should detail the time, date, and number of hours worked per day. The time and attendance forms should be signed by the employee and approved by the employee's supervisor.

The Town of Glenmora was incorporated under the Lawrason Act in 1914. The town operates under the provisions of the act with a mayor and a five member board of aldermen. The town's fiscal year runs from July 1 through June 30. The Office of the Legislative Auditor received allegations involving the town including questionable purchases.

The procedures performed during this examination consisted of the following:

- (1) interviewing employees and officials of the town;
- (2) interviewing other persons as appropriate;
- (3) examining selected documents and records of the town;
- (4) performing observations; and
- (5) reviewing applicable state laws and regulations.

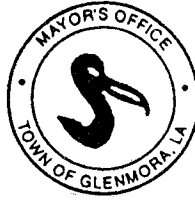
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## Management's Response

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**Office of the Mayor**  
**TOWN OF GLENMORA, LOUISIANA**

TYRONE L. DOYLE  
MAYOR

ALDERMEN  
CHARLINE M. BABB  
REGINALD BURNAMAN  
JIMMIE L. JARRELL  
WILLIE MOORE  
BERNARD McCREERY

CHERYL A. THOMAS  
CLERK & TAX COLLECTOR

JOSEPHINE BALTAZAR  
ASSISTANT CLERK

BENNIE COKER  
CHIEF OF POLICE

June 3, 2005

Office of Legislature Auditor  
State of Louisiana  
P.O. Box 94397  
Baton Rouge, La. 70804-9397

Dear Sir:

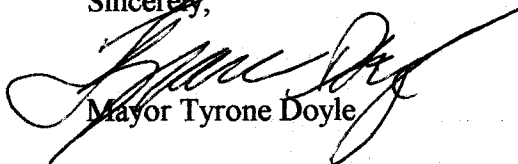
I am responding to the Legislative Auditor's report we discussed on May 23, 2005. In discussing the expenditures that I had made on the credit card, since I had no documentation to support the purchases that would show public purpose or need, these expenditures were not allowed by law. In order to spend public monies you have to have documentation of expenses, which I did not have.

After receiving the report from the Legislative Auditor I reimbursed the Town the total amount of all charges and expenses, on April 30, 2005 and May 16, 2005. I truly hope this response is sufficient. As Mayor for 19 years I have made many transactions for the Town of Glenmora and these were not correct and unacceptable. Please except my deepest regret and apologies.

We also have taken steps to comply with the recommendations of all the topics that the report had. We will work with our Auditors and other parties to comply with the report.

I hope this reply is acceptable.

Sincerely,



Mayor Tyrone Doyle